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No. 1083



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CONTENTS

INTER-ASIAN AFFAIRS

- Indonesian Expert Suggests ASEAN Solution to Indochina
(Jusuf Wanandi; THE NATION REVIEW, 2 Dec 81) 1

BURMA

Briefs

- Former Secretary Surrenders 3
DPRK Economic Delegation 3
Ambassador to Mongolia, GDR 3
U Kyi Maung Accredited to ROK 3
U Kyi Appointed Ambassador 4
Ambassador to Egypt 4

LAOS

- KPL National Day Greetings Received From Socialist Leaders
(KPL, 4 Dec 81) 5

- Economic, Political Mood of Vientiane Described
(Michael Blanchard; BANGKOK POST, 10 Nov 81) 7

Briefs

- Publishing Delegation Leaves for Hanoi 8
Delegation to Vietnam 8
Delegation Returns From CSSR, USSR 8
Vietnam TV Delegation 8
Mass Media Contract With GDR 8
Mong New Year Rally 9
GDR Vocational Training Protocol 9
Hungarian Peace Delegation's Activities 9
KPL Delegation's Departure for Prague 9
Photo Exhibition on Poland 10
CSSR Bridge Construction Protocol 10
Delegation's Return From Cuba, USSR 10
Amity Delegation Leaves for Moscow 10
Hungarian Peace Delegation 10

Souphanouvong Greet Benin National Day	11
Radio, TV Cooperation With SRV	11
Delegation Returns From SRV	11
Lao National Day Greeted	11
Ambassador to GDR	11
Cuban Blood Donation	12
More Leaders Greet National Day	12
Kampuchean News Agency Delegation Arrives	12
Vietnamese Friendship Delegation Arrives	12
Youth Union Greet Komsomol Anniversary	13
Marxism-Leninism Seminar	13
SRV Provincial Delegation	13
CSSR Cinematographic Delegation	13
CSSR Delegation's Gifts	13
GDR Delegation's Activities	14
Polish Health Equipment Aid	14
CSSR Delegation's Departure	14
Road, Bridges Repairs in Xieng Khouang	14
GDR Workshop Aid Accord	14
Soviet Workshop Aid Accord	15
Roads Repair in Saravane	15
Message of Thanks From Romania	15
GDR Leaders Thank Lao Counterparts	15

MALAYSIA

Malaysia's Chinese Traders Look for Investment Abroad (THE MUSLIM, 2 Dec 81)	16
---	----

PAKISTAN

President Haq Comments on Nation's Role in Region (Karachi Domestic Service, 20 Dec 81)	18
Minister Says Country Stable Under Present Government (DAWN, 6 Dec 81)	20
Reform in Justice Machinery Discussed (Editorial; DAWN, 14 Dec 81)	21
More Students Held After Campus Incident (DAWN, 14 Dec 81)	23
Denationalization of Ghee Industry Favored (Editorial; DAWN, 6 Dec 81)	24
Small Tractor Unit for NWFP Urged (DAWN, 11 Dec 81)	25
Ailing Public Sector Scrutinized Again (Editorial; THE MUSLIM, 26 Nov 81)	26

Briefs

Political Prisoner Released	28
Inquiry Against Officials	28
Collaboration With Tanzania	28
Sugar Plant Sale	29
Trade Team for Bulgaria	29
Arms Seized	29
Nonaggression Pact Misunderstood	29
Indian Writers' Visas Refused	29
Envoy to Oman	30
Afghan Issue	30
New Iranian Charge	30

PHILIPPINES

Changes in Philippines Oil Policy Urged (SUNDAY EXPRESS, 29 Nov 81)	31
Dynamic Growth Seen in Economy (BULLETIN TODAY, 3 Dec 81)	32

SRI LANKA

Editorial Views Relations With India (Editorial; SUN, 8 Dec 81)	33
--	----

THAILAND

High Interest Rates Stifle Small Business (Wirasak Salayakanond; THE MUSLIM, 26 Nov 81)	35
--	----

INDONESIAN EXPERT SUGGESTS ASEAN SOLUTION TO INDOCHINA

Bangkok THE NATION REVIEW in English 2 Dec 81 p 4

[Article by Jusuf Wanandi]

[Text] **T**HE Indochina conflict and the resulting intensification of the Sino-Soviet conflict in the region could have direct effects on the security of the region. Looking at the pressures created by the Indochina conflict upon Thailand, one could assess the effects of those developments upon ASEAN. In view of those developments, external threat to ASEAN might originate with Vietnam, the Soviet Union, and China. Is there a political solution to the Indochina conflict from an Indonesian point of view?

Although ASEAN was set up as an organization for regional cooperation in the economic, cultural and scientific fields, the pressures and situations that led to its creation actually consisted of defence and security considerations made in anticipation of and concern for the outcome of the war in Indochina. Therefore, the defence and security aspects cannot be neglected by the ASEAN member countries. But it must be immediately denied that there is a desire among the ASEAN member nations to create either a military pact or a multilateral or regional military bloc.

There are two reasons why the ASEAN member nations have rejected the idea of a military pact. First, they do not perceive the existence of a major external threat, but rather threats from within their national borders which are assisted from outside in the form of subversion and infiltration.

These threats are best dealt with by the government and people of

the country concerned as has been proven only most recently in Vietnam.

A military pact is far from an effective way to deal with such threats. Secondly, a military pact would only arouse unnecessary fear on the part of Vietnam and create the impression that ASEAN is indeed a grouping aimed at confronting them militarily. This is why the concepts of national and "regional resilience" were adopted. These concepts mean that, if each of the member nations can accomplish overall national development and overcome those internal threats, regional resilience will automatically result much in the same way as a chain derives its overall strength from the strength of each individual constituent parts.

It is in accordance with this idea that ASEAN member countries carry out bilateral cooperation in various defence and security matters, especially in the form of exchange of experiences in facing internal threats which in many cases prove similar. These bilateral efforts at cooperation consist of exchange of information and intelligence, the holding of joint exercises at sea, in the air or on the ground, joint patrols or operations in border areas, exchanges of officer training and also efforts to achieve standardization in logistics and certain arms for the sake of efficiency and economy.

Since its inception, significant results have been achieved mostly in the political field, namely the overcoming of inter-ASEAN pro-

blems which previously have caused political tensions and security lapses in the region.

Among the problems were the border dispute between Malaysia and Thailand; quarrels between Singapore and Malaysia arising out of the history of Malaysia's creation and Singapore's secession from Malaysian federation; problems between Singapore and Indonesia over the conduct of contraband trade; the dispute over Sabah between Malaysia and the Philippines which still remained unresolved, but was at least prevented from escalating into a confrontation that would weaken ASEAN cooperation in other spheres; the border problem between Indonesia and Malaysia which formerly led to Indonesian confrontation and has now been solved to such an extent that Indonesian-Malaysian border cooperation today could serve as a model of ASEAN cooperation to other member countries; problems involving Indonesia's Archipelago Concept which have basically been settled with Malaysia; and the question of the Malacca Straits which has also been settled with the conclusion of an agreement among Singapore, Malaysia and Indonesia.

The idea of making Southeast Asia a Zone of Peace, Freedom, and Neutrality (ZOPFAN) came up at the special ASEAN ministerial meeting at Kuala Lumpur in November 1971.

Having discussed international developments affecting the Southeast Asia region, the ministerial meeting signed the Kuala Lumpur

Declaration to make Southeast Asia a Zone of Peace, Freedom, and Neutrality. The foreign ministers decided also that a Treaty of Amity and Cooperation should be the first operational step because the ZOPFAN idea would be self-contradicting unless the ASEAN member countries could first "put their own houses in order." This Treaty of Amity and Cooperation was then signed in Bali by the ASEAN heads of state on February 1976.

Under the concept of turning Southeast Asia into a "zone of peace, freedom, and neutrality," the national identity, independence and integrity of the individual states can be preserved and maintained. The concept aims at achieving national development and well-being and the promotion of regional cooperation and solidarity in accordance with the ideals and aspirations of the peoples of the region and the purposes and principles of the United Nations Charter in

freedom from any form or manner of interference by outside powers.

At the first stage of its development, the concept aims at the building of national and regional resilience among ASEAN members, a task which aims at the realization of complete national development and regional cooperation as well as the acceptance - either explicitly in the form of official policy or implicitly in the form of actions directed towards implementation - of this concept by the big powers.

Expectations that this concept will gradually become a reality are based on assessment of favourable external factors, such as the certainty of the developments in the Indochina sub-region especially the solution of the Indochina conflict, as well as domestic and intra-ASEAN factors which are developing steadily.

The ZOPFAN idea has reflected the desire and aspirations of all ASEAN member countries to make a Southeast Asia which could determine its own fate.

CSO: 4220/137

BRIEFS

FORMER SECRETARY SURRENDERS--Ye Tun, candidate member of the Central Committee of the Burma Communist Party [BCP] and former secretary of the BCP in Arakan State, and his son (Thein Maung), platoon leader, surrendered without any arms at our Naha armed forces camp, Paletwa Township, on the morning of 6 November 1981. Ye Tun, a native of Sabata Village in Ponnagyun Township, Arakan State, has been underground since about 1947-48. He was entrusted duties as a candidate member of the BCP Central Committee in accordance with the 30 May 1975 announcement of the expanded meeting of the BCP Central Committee. He became acting secretary of the BCP, Arakan State, after the departure of the secretary, Kya Mya, in February 1979. However, he became discouraged when he was dismissed from the state secretary post in August 1980. He surrendered after returning from a third country. Party, council and army officials concerned have taken good care of Ye Tun and his son (Thein Maung). [Text] [BK161402 Rangoon Domestic Service in Burmese 1330 GMT 16 Nov 81]

DPRK ECONOMIC DELEGATION--A six-member economic delegation from the DPRK, led by deputy minister of external economic affairs Ho Hang-chan, arrived in Rangoon by air on 21 November. They were welcomed at the airport by deputy minister of mines U Win Htein, responsible officials from the corporations and departments under the Ministry of Mines. DPRK ambassador to Burma Yi Song-hui and embassy staff were also present. [BK230745 Rangoon Domestic Service in Burmese 1330 GMT 21 Nov 81]

AMBASSADOR TO MONGOLIA, GDR--The Ministry of Foreign Affairs announced yesterday that the president of the Socialist Republic of the Union of Burma has appointed U Kyaw Khin, ambassador extraordinary and plenipotentiary of Burma to the Union of the Soviet Socialist Republics, to serve concurrently as ambassador extraordinary and plenipotentiary of Burma to the German Democratic Republic and the Mongolian People's Republic. [Text] [BK150915 Rangoon Domestic Service in Burmese 0630 GMT 10 Dec 81]

U KYI MAUNG ACCREDITED TO ROK--Rangoon, 25 Nov--The President of the Socialist Republic of the Union of Burma has appointed Zeya Kyaw Htin U Kyi Maung, Ambassador Extraordinary and Plenipotentiary of the Socialist Republic of the Union of Burma to Japan, concurrently as Ambassador Extraordinary and Plenipotentiary of the Socialist Republic of the Union of Burma to the Republic of Korea. [Rangoon THE WORKING PEOPLE'S DAILY in English 25 Nov 81 p 1]

U KYI APPOINTED AMBASSADOR--Rangoon, 25 Nov--The President of the Socialist Republic of the Union of Burma has appointed Zeya Kyaw Htin U Kyi, Ambassador Extraordinary and Plenipotentiary of the Socialist Republic of the Union of Burma to Malaysia, as Ambassador Extraordinary and Plenipotentiary of the Socialist Republic of the Union of Burma to the Republic of Italy. [Rangoon THE WORKING PEOPLE'S DAILY in English 25 Nov 81 p 1]

AMBASSADOR TO EGYPT--Rangoon, 28 Nov--The President of the Socialist Republic of the Union of Burma has appointed U Tha Tun, Ambassador Extraordinary and Plenipotentiary of the Socialist Republic of the Union of Burma to the Islamic Republic of Pakistan, as Ambassador Extraordinary and Plenipotentiary of the Socialist Republic of the Union of Burma to the Arab Republic of Egypt. [Rangoon THE WORKING PEOPLE'S DAILY in English 28 Nov 81 p 1]

CSO: 4220/133

KPL NATIONAL DAY GREETINGS RECEIVED FROM SOCIALIST LEADERS

BK041035 Vientiane KPL in English 0910 GMT 4 Dec 81

[Text] Vientiane, 4 Dec (KPL)--Kaysone Phomvihan, general secretary of the LPRP CC, prime minister; and Souphanouvong, president of the republic and of the People's Supreme Assembly, on the 6th anniversary of the proclamation of the Lao People's Democratic Republic, received greeting messages from foreign leaders. Among those who sent their congratulatory messages were:

Todor Zhivkov, first secretary of the Bulgarian Communist Party CC, and chairman of the State Council; Grisha Filipov, chairman of the Council of Ministers of the People's Republic of Bulgaria;

Janos Kador, first secretary of the Hungarian Socialist Workers Party; Pol Losonczi, president of the presidential Council; Gyorgy Lazar, chairman of the Council of Ministers; Ourtal Apro, president of the National Assembly of the Hungarian People's Republic;

Yumjaagin Tsedenbal, general secretary of the Mongolian People's Revolutionary Party CC, chairman of the Presidium of the Great People's Hural; Jambyn Batmonh, chairman of the Council of Ministers of the Mongolian People's Republic;

Erich Honecker, secretary general of the Socialist Unity Party of Germany CC, chairman of the State Council; Willi Stoph, chairman of the Council of Ministers of the German Democratic Republic.

In their warm greetings, Bulgarian leaders hailed that 2 December 1975, was a historical event--an outcome of the victory of the Lao people over the forces of imperialism, colonialism and reaction--which marked a radical turning-point in the development of the country and state to enter into the building of a just and democratic society in Laos. The message saluted successes of the Lao people in building the bases for socialism in the country and hailed Laos' close cooperation with the Soviet Union and other socialist countries. Bulgarian leaders further expressed their appreciation over Laos' contribution in the struggle against imperialism and hegemonism in view to consolidate the forces of peace, progress and socialism and its efforts to normalise the situation in Southeast Asia. The Bulgarian leaders also reiterated their full support for the constructive initiatives to secure peace, stability, friendship and cooperation of the three Indochinese countries.

In their joint greeting message, the Hungarian leaders said that: With admiration, they observe significant achievements of the fraternal Lao people in the national defence and in the laying of socialist foundation in Laos. The Hungarian side also expressed satisfaction over the enhancement of friendship and cooperation between the two countries in the spirit of the principles of Marxism-Leninism and proletarian internationalism which, in effect, serve the cause of peace and socialism. The Hungarian leaders also attached great value to the constructive efforts of Laos in trying to furnish Southeast Asia with peace, stability and cooperation.

J. Tsedenbal and Jambyn Batmonh stressed in their message that the victory of the national democratic revolution in Laos and the foundation of the LPDR, which embarked Laos upon the road of socialist development, became one of major gains of the world revolutionary movement and a valuable contribution to the cause of peace and socialism in Southeast Asia. The Government of the MPR highly evaluates and fully supports the peace-loving policy, the constructive initiative of Laos aimed at the consolidation of unity of the socialist community, safeguarding and maintaining peace and security of the peoples and at converting Southeast Asia into a zone of peace, stability and cooperation, said the Mongolian leaders' telegram.

In their message, Erich Honecker and Willi Stoph hailed the Lao people's considerable success in overcoming the consequences of imperialist aggression and laying the socialist foundation in the country. The GDR leaders expressed their high appreciation over Laos' foreign policy efforts in Southeast Asia. Erich Honecker and Willi Stoph finally wished that the fraternal relations of friendship and cooperation between the parties, states and peoples will be continually consolidated for the interests of the two peoples.

CSO: 4220/141

ECONOMIC, POLITICAL MOOD OF VIENTIANE DESCRIBED

Bangkok BANGKOK POST in English 10 Nov 81 p 4

[Article by Michael Blanchard]

[Text]

VIENTIANE

THE Mekong River looks like molten metal as the sun sets here. Disco songs waft from an outdoor cafe. A policeman on a bicycle zigzags between potholes in the road with a Buddhist monk perched behind him.

A group of government clerks dig in their river-bank vegetable garden.

Six years after the Republic of Laos was proclaimed, this capital is as quiet as a provincial town. At major road junctions, however, billboards proclaim the country's socialist reconstruction, and the Pathet Lao flag is part of the decor of official offices.

The city's population has diminished from 185,000 to an estimated 120,000, due to migration abroad and the return to their villages of people displaced by the war. The Chinese quarter, particularly, where restaurants used to draw crowds in the evening, has become something of a ghost town. But the city's cinemas, showing mostly Soviet, Vietnamese and Indian films, are busy. Most of the shops have reopened.

Taxis and private cars are numerous, although they have to be fuelled with black-market petrol. New Japanese-made motorcycles bought in Thailand are much in view.

Four dance-halls have reopened, and many Westerners patronise them to listen to the music. A cafe across from the tennis club — which was the rendezvous of officials from the former regime — serves croissants for breakfast. Antique dealers somehow stay in business, and a coffee shop has just opened.

All sorts of goods are available in private shops, but the prices are high and wages are low. Handlooms and chicken coops have reappeared in the yards of houses, along with pools to fatten fish in.

Two worlds seem to exist side by side, but rarely mix. There are the Western-influenced elders and the "revolutionaries" from the eastern part of the country, more rural in background and often members of ethnic minorities from the mountains. But neither animosity nor constraint is visible.

The Vietnamese presence is almost nil in Vientiane: A small handful, according to Western diplomats, and no military. The only Vietnamese one sees are the merchants and craftsmen who were already there under the former regime.

The Soviet presence, on the other hand, is very clear. About 1,000 advisers

live in several hotels and houses formerly occupied by the French. The Soviet embassy has 27 residents, the Vietnamese 17, the Thai 15, the American embassy 10 and the Chinese embassy 5.

None of the embassies has any particular protection. The French embassy, in a large open park, is occupied by a caretaking couple while France waits for "suspended" diplomatic relations to be resumed.

Journalists are allowed to talk to citizens freely, but the authorities remain suspicious, and it is difficult to interview officials.

Middle-class Laotians acknowledge the existence of a political detente, but also of a certain disenchantment with the difficulties they say the Government is having in overcoming the effects of the war.

They console themselves by listening to Voice of America broadcasts or watching Thai television. Many who say they remained to rebuild the country admit to understanding why many of their friends left, but say that if they were there today to see what has been accomplished, they would not leave.

An estimated ten per cent of the population has left the country. —

CSO: 4220/137

BRIEFS

PUBLISHING DELEGATION LEAVES FOR HANOI--Vientiane, 1 Dec (KPL)--A delegation of publishing house led by Ounheuan Phounsavat, deputy minister of propaganda, information, culture and tourism left here for Vietnam on 30 November. This delegation is to prepare the conference on cooperations in 1982 on printing work and book distribution between Laos, Vietnam, Kampuchea and the Soviet Union to be held in Hanoi. Seeing the delegation off at the airport were Son Khamvanvongsa, deputy minister of propaganda, information, culture and tourism, and other high-ranking officials from the ministry. Bui Van Thanh, counselor of the Vietnamese Embassy, was also on hand. [Text] [BK011310 Vientiane KPL in English 0941 GMT 1 Dec 81]

DELEGATION TO VIETNAM--Vientiane, 21 Nov (KPL)--A delegation of the propaganda and training board committee of the Party Central Committee led by its Vice Chairman Somlat Chanthamat, on 21 November left Vientiane for the Socialist Republic of Vietnam. Bidding farewell to the delegation at the airport were Son Khamvanvongsa, vice chairman of the board committee, and Sopha Khotphouthone, head of the board committee's office. Bui Van Trang, charge d'affaires a.i. of the Vietnamese Embassy to Laos, was also present at the airport. [Text] [BK240559 Vientiane KPL in English 0911 GMT 21 Nov 81]

DELEGATION RETURNS FROM CSSR, USSR--Vientiane, 18 Nov (KPL)--A delegation of the posts and telecommunications ministry led by its Acting Minister Thammasing Saikhamphan, on 17 November arrived in Vientiane after attending the 10th conference of the Inter-Sputnik organization held in the Czechoslovak Socialist Republic. The said delegation also took part in the conference of posts and telecommunications organizations of the socialist nations which was held from 9 to 14 November in Moscow, the Soviet Union. [Text] [BK240559 Vientiane KPL in English 0927 GMT 18 Nov 81]

VIETNAM TV DELEGATION--Vientiane, 30 Nov (KPL)--A Vietnam TV delegation arrived here on 28 November for a friendship visit. At the invitation of the Lao National Radio, the Vietnamese TV delegation is to discuss issues on cooperation between the radio and television institutions of the two countries. Welcoming the delegation at the airport were Chaleun Vongsam-ang, director of the Lao National Radio, and other ranking officials of the Lao Radio. [Text] [BK021409 Vientiane KPL in English 0927 GMT 30 Nov 81]

MASS MEDIA CONTRACT WITH GDR--Vientiane, 30 Nov (KPL)--A contract for cooperation on mass media work was signed in Vientiane on 28 November between Lao Journalists

Association. Signing the contract were: on the Lao side, Somsanouk, secretary of the Lao Journalists Association, and on the GDR side, Horst Grothe, deputy-head of a main political department of the radio station of GDR. Present on this occasion were Chanthi Deuansavan, general secretary of the Lao Journalists Association, and Mrs Seeliger, press attache of the GDR Embassy to Laos. According to the agreement signed this month in Vientiane, the contract spells out in particular the cooperation programs between the two associations on mass media work between 1981-1985. [Text] [BK021409 Vientiane KPL in English 0922 GMT 30 Nov 81]

MONG NEW YEAR RALLY--Vientiane, 30 Nov (KPL)--A mass rally marking the Mong New Year was held here on 28 November by the National Committee for Nationalities Central Committee. A large number of Mong Yao, Ko and other ethnics attended the rally. At the meeting, the 1981 achievements of the ethnic nationalities in the socialist safeguard and construction were read out. Chammi Douangboudi, in his address to the gathering, stressed on the dark schemes of the Beijing big nation expansionists and hegemonists in collusion with the imperialists and other reactionaries which aim at destroying and obstructing the peaceful construction tasks of the Lao people. In particular they have launched the propaganda of division among the different Lao nationalities. He finally launched an appeal for closer solidarity among the people of all nationalities. The rally wound up by an artistic show performed by some nationalities art troupes. [Text] [BK021409 Vientiane KPL in English 0922 GMT 30 Nov 81]

GDR VOCATIONAL TRAINING PROTOCOL--Vientiane, 28 Nov (KPL)--A protocol on vocational training for 1982 was signed here on 27 November between Lao and GDR officials. Under the term of the protocol, GDR is to help in professional training Lao cadres. Signing the protocol were, on the Lao side Khamtan Chanthala, head of the Department of University and Vocational Training, and the GDR side, Rudeck Walter, official the vocational training department of GDR Educational Ministry. Bountiam Phitsamai, deputy-minister of education, sports and religious affairs and Dieter Doering, GDR ambassador, were among those witnessing the signing of the protocol. [Text] [Vientiane KPL in English 0909 GMT 28 Nov 81 BK]

HUNGARIAN PEACE DELEGATION'S ACTIVITIES--Vientiane, 25 Nov (KPL)--Singkapo Sikhotchounlamani, acting president of the Lao Committee for the Defence of World Peace, on 24 November, received the Hungarian peace council's delegation led by Dr Bela Kovacs. Singkapo Sikhotchounlamani, on this occasion informed Dr Bela Kovacs of the situation in Laos in the past as well as at the present period of the nation's safeguarding and construction. Issues on consolidation of solidarity and friendship and all round cooperation between the two peoples were also raised. Dr Bela Kovacs, who is secretary general of the Hungarian Peace Council, on this occasion, presented the Lao Committee for Defence of World Peace with a Hungarian Peace Council's Order and a quantity of medicines and medical equipment. Singkapo Sikhotchounlamani received the gifts from the visiting Hungarian guests. Talks were also held following this ceremony of gifts presentation. The Lao delegation was headed by Singkapo Sikhotchounlamani and the Hungarian side was led by Dr Bela Kovacs. The two sides exchanged lessons on their activities and briefed one another of the situation in their respective country. [Text] [Vientiane KPL in English 0912 GMT 25 Nov 81 BK]

KPL DELEGATION'S DEPARTURE FOR PRAGUE--Vientiane, 28 Nov (KPL)--A delegation of the Lao News Agency (KPL) headed by Chanthon Thiangthepvongsa, deputy-head of the news

agency and newspaper department, on 26 November, left here for Czechoslovakia. The KPL news agency delegation is to participate at the conference of general managers of socialist countries news agencies to be held in Prague from 30 November to 4 December. [Text] [Vientiane KPL in English 0911 GMT 28 Nov 81 BK]

PHOTO EXHIBITION ON POLAND--Vientiane, 4 Nov (KPL)--The Ministry of Propaganda, Information, Culture and Tourism, in collaboration with the Polish Embassy to Laos, on 3 November, opened here a photo and Polish art exhibition in commemorating the cultural and art anniversary of the Polish People's Republic. Present on this occasion were Ounheuan Phounsavat, acting minister of propaganda, information, culture and tourism, Polish Ambassador Marek Czurley, and other high-ranking officials. Ounheuan Phounsavat and the Polish ambassador, on this occasion, expressed their opinions on the existing friendship and mutual assistance between the two countries basing on proletarian internationalism and on the idealism for peace and socialism. [Text] [Vientiane KPL in English 0913 GMT 4 Nov 81 BK]

CSSR BRIDGE CONSTRUCTION PROTOCOL--Vientiane, 3 Nov (KPL)--A protocol on the bridge construction on highway No 9 was signed here on 2 November between Laos and Czechoslovakia. Signing the protocol were; on the Lao side, Sai Phakasoum, head of the highway No 9 Bridge Construction Enterprise, and on the Czechoslovak side, Myron Majdak, head of experts' team of Strojekport enterprise of the Czechoslovak Socialist Republic. Khamphoui Keoboualapha and Alfred Kover, respectively acting-minister of communication, public works and transport, and commercial counselor of the Czechoslovak Embassy to Laos, were also on hand. According to the protocol, the Czechoslovak Strojekport enterprise will sponsor the construction of Khoumman and Tamouak Rivers' bridges on highway No 9. [Text] [Vientiane KPL in English 0912 GMT 3 Oct 81 BK]

DELEGATION'S RETURN FROM CUBA, USSR--Vientiane, 5 Nov (KPL)--A delegation of the Lao Journalists' Association [LJA] led by its vice-president Chaleun Vongsamang, who is also head of the National Radio Department, on 30 October, arrived here from Cuba. Apart from attending the non-aligned countries' radio conference in Havana the LJA delegation also attended the conference of the International Organization of Journalists in Moscow and Ulaanbaatar. [Text] [Vientiane KPL in English 0911 GMT 5 Nov 81 BK]

AMITY DELEGATION LEAVES FOR MOSCOW--Vientiane, 27 November (KPL)--A delegation of the LAOS-USSR Friendship Association led by its vice president Leuam Imsisiangmai, who is also Standing Committee member of the People's Supreme Assembly, on 26 November left here to Moscow. The said delegation will attend the sixth anniversary of the Lao People's Democratic Republic which will be organized in Moscow by the USSR-Laos Friendship Association on the occasion of 2 December, the Lao national day. [Text] [BK271204 Vientiane KPL in English 0910 GMT 27 Nov 81]

HUNGARIAN PEACE DELEGATION--Vientiane, 24 Nov (KPL)--The Hungarian peace council's delegation led by its Secretary General Dr Bela Kovacs, on 23 November, arrived in Vientiane for an official friendship visit. The delegation was greeted at the airport by Son Khamvanvongsa, deputy-minister of propaganda, information, culture and tourism, and secretary general of the Lao Committee for Defence of World Peace; Janos Zegnal, Hungarian ambassador to Laos, and a number of officials. The official visit to Laos of the Hungarian peace council's delegation was in response to the invitation of the Lao Committee for Defence of World Peace. [Text] [BK241047 Vientiane KPL in English 0917 GMT 24 Nov 81]

SOUPHANOUVONG GREETES BENIN NATIONAL DAY--Vientiane, 30 Nov (KPL)--The Lao president, Souphanouvong, today sent a message greeting Benin's sixth nation day. The telegram was addressed to Mathieu Kerekou, president of the National Executive Council of the People's Republic of Benin. The Lao president on this occasion wishes Benin's Government and people happiness and prosperity and greater success in the tasks of consolidation of their national independence and building. Souphanouvong also wishes that the good relations of friendship between the two peoples and countries be further enhanced with each passing day. Phoun Sipaseut, deputy prime minister and minister of foreign affairs, on this occasion sent a greeting message to Simon Ifede Ogouma, minister for foreign affairs and cooperation of Benin. [Text] [BK301024 Vientiane KPL in English 0911 GMT 30 Nov 81]

RADIO, TV COOPERATION WITH SRV--Vientiane, 5 Dec (KPL)--A memorandum on radio and television cooperation for 1982 between Laos and Vietnam was signed in Vientiane on 4 December. Signing the memorandum were: On the Lao side Chaleun Vongsam-ang, head of the National Radio and the Lao TV Commission, and on the Vietnamese side Le Quy, director general of radio and television. Present at the signing ceremony were Son Khamvanvongsa, deputy minister of propaganda, information, culture and tourism and Nguyen Xuan, Vietnamese ambassador to Laos. [Text] [BK051431 Vientiane KPL in English 0911 GMT 5 Dec 81]

DELEGATION RETURNS FROM SRV--Vientiane, 5 Dec (KPL)--A delegation of the Ministry of Agriculture, Forestry and Irrigation led by its Deputy Minister Kham-Ouan Boupha, on 30 November, arrived in Vientiane from the Socialist Republic of Vietnam. The delegation officially paid a 1-week friendship visit to Vietnam in response to the invitation of the Vietnamese forestry deputy minister. During its stay in Vietnam, issue on forestry cooperation and assistance for 1982 were the main topic of the discussion. [Text] [BK051421 Vientiane KPL in English 0914 GMT 5 Dec 81]

LAO NATIONAL DAY GREETED--Vientiane, 12 Dec (KPL)--Lao President Souphanouvong, on the 6th National Day, received greeting messages from foreign leaders. Among those who sent greetings to Souphanouvong were: His Majesty the King Phumiphon of Thailand, President of Indonesia Suharto, Madagascar's President Didier Ratsiraka, Mauritania President Mohamed Khouna Ould Haydalla, President of the Philippines Ferdinand Marcos, His Majesty the Yang Di Pertuan Agong of Malaysia, Governor General of Australia Zelman Cowen, Italian President Alessandro Pertini, and Muhammad Husni Mubarak, president of Egypt. On the same occasion, the Lao prime minister, Kaysone Phomvihan, received greetings from Thailand's Prime Minister Prem Tinsulanon, Indonesian President Suharto, Premier of the Philippines Cesar Virata, and Prime Minister of Malaysia Datuk Seri Dr Mahathir Mohamed. Phoun Sipaseut also received the greeting messages from his counterparts. The well-wishers included Air Chief Marshal Sitthi Sawetsila of Thailand, Dr Mokhtar Kusumaatmaja of Indonesia, Manuel Coliantes of the Philippines, Sri Mohamed Ghazali Shafie of Malaysia, B. E. Talboys of New Zealand, Ahmad Azizi of Iran and the foreign affairs ministers of Nicaragua and Mexico. [Text] [BK121023 Vientiane KPL in English 0904 GMT 12 Dec 81]

AMBASSADOR TO GDR--Vientiane, 3 Dec (KPL)--Kongkeo Phanouvong, new Lao ambassador accredited to the German Democratic Republic, on 26 November, presented credentials to Erich Honecker, secretary general of the Socialist Unity Party of Germany CC and chairman of the council of state of the GDR. The meeting proceeded in an atmosphere of warm cordiality. The two personalities on this occasion talked about the rela-

tions of solidarity and good friendship between the parties, governments and peoples of Laos and GDR. [Text] [BK031215 Vientiane KPL in English 0914 GMT 3 Dec 81]

CUBAN BLOOD DONATION--Vientiane, 3 Dec (KPL)--The Lao Red Cross, on 1 December, received 125,000 ml of dry blood as gift from the Cuban Red Cross. On behalf of the Cuban Red Cross, Luis Reyes Mas, Cuban ambassador to Laos, donated this amount of blood to Dr Khamliang Phonsena, vice-minister of public health and chairman of the Lao Red Cross. Also present at the donation ceremony were Prof Vannalet Latsapho, deputy-minister of public health; Dr Oudom Souvannavong, and Dr Koukeo Saikosi, respectively vice-chairman and secretary general of the Lao Red Cross. Thanking the Cuban Red Cross, Khamliang Pholsena said: "This gesture of cooperation will further help to enhance the existing fraternal solidarity between the two peoples." [Text] [BK031215 Vientiane KPL in English 0915 GMT 3 Dec 81]

MORE LEADERS GREET NATIONAL DAY--Vientiane, 8 Dec (KPL)--Lao National Day greetings keep rolling in from foreign leaders. Among those who sent greetings to Lao President Souphanouvong, and Prime Minister Kaysone Phomvihane are: Mengistu Haile-Mariam, chairman of the Provisional Military Administrative Council and of the commission for organizing the party of the working people of Ethiopia and commander-in-chief of the revolutionary army of Socialist Ethiopia; Kim Il-song, president and secretary general of the Workers Party of Korea; the chairmen of the National Assembly and the council of ministers of the People's Republic of China; King Carl Gustav of Sweden; Indian President Neelam Sanjiva Reddy and Prime Minister Indira Gandhi; Yassir Arafat, president of the executive committee of PLO and commander-in-chief of the Palestine revolutionary forces; President Suharto of Indonesia; Cyprus President Spyros Kyprianou; Pakistan President General Ziaul Haq; the Queen of Holland Beatrix; Yugoslavia President Serej Kraigher; Belgium King Baudouin; Federal Republic of Germany President Karl Carstens; Canada's General Governor Edward Schreyer; Japan Emperor Hirohito; United Kingdom Queen Elizabeth; and the U.S. President Reagan. [Text] [BK081152 Vientiane KPL in English 0915 GMT 8 Dec 81]

KAMPUCHEAN NEWS AGENCY DELEGATION ARRIVES--Vientiane, 1 Dec (KPL)--A delegation of the Kampuchean News Agency (SPK) led by its deputy director and head of foreign language news service, Kit Kim Huon, yesterday arrived here for a friendship visit. Receiving the delegation at the airport were Chanthi Deuansavan, acting director of the news agency and news paper department and secretary general of the Lao Journalists Association, and other officials from the department. SPK's visit to Laos is a response to the invitation of Lao News Agency KPL. [Text] [BK011303 Vientiane KPL in English 0943 GMT 1 Dec 81]

VIETNAMESE FRIENDSHIP DELEGATION ARRIVES--Vientiane, 1 Dec (KPL)--A delegation of the Vietnam-Laos Friendship Association led by its president, Tran Huu Duc, on 30 November, arrived in Vientiane for a friendship visit. At the airport, Tran Huu Duc who is also a member of the Communist Party of Vietnam CC was welcomed by Sanan Souththichak, member of the Central Committee of the Lao People's Revolutionary Party, and other officials from the Laos-Vietnam Friendship Association. Nguyen Xuan, ambassador of Vietnam, and other staff members of the embassy were also on hand. The delegation's visit is in response to the invitation of the Laos-Vietnam Friendship Association. [Text] [BK011305 Vientiane KPL in English 0935 GMT 1 Dec 81]

YOUTH UNION GREET'S KOMSOMOL ANNIVERSARY--Vientiane, 29 Oct (KPL)--The Mobilizing Committee of the Lao People's Revolutionary Youth Union, on 26 October, sent a greeting message to the Central Committee of the All-Union Leninists Young Communist League (KOMSOMOL) on the occasion of its 63rd anniversary. The message said: Under the leadership of the CPSU, the young KOMSOMOL Leninists, led by B.N. Pastukhov, have actively contributed to the construction of communist society. The prestige of the young KOMSOMOL Leninists is highly raised with each passing day. The message further stressed on the precious lessons of the young Leninists league, which have encouraged the Lao youth and people in the safeguarding of peace and independence as well as in the socialist construction in Laos. The message finally wished the Soviet youth new, greater successes in their future noble tasks. [Text] [BK291053 Vientiane KPL in English 0930 GMT 29 Oct 81]

MARXISM-LENINISM SEMINAR--Vientiane, 19 Oct (KPL)--The second seminar on Marxism-Leninism was closed here on 17 October after 8 months of sitting; 238 officials from various state institutions and provincial services throughout the country participated in this seminar. Present on the closing ceremony were Chanmi Douangboutdi, member of the party CC and minister to the premier's office; Ounheuan Phounsavat, acting-minister of propaganda, information, culture and tourism; and a number of officials. Addressing to the gathering, Chanmi, Douangboutdi praised the successes of the seminar, and also stressed on the tasks of the socialist construction which has demanded the knowledge of the symmetrical [as received] implementation of the three revolutionary currents in order to successfully develop and safeguard the socialist nation. The participants of the seminar studied several documents on Marxism-Leninism philosophy, political economy and theory on socialist economic management, including various current documents of the party CC. [Text] [Vientiane KPL in English 0900 GMT 19 Oct 81 BK]

SRV PROVINCIAL DELEGATION--Vientiane, 12 Oct (KPL)--A Vietnamese delegation of Gia Lai-Cong Tum led by Nguyen Van Duc, deputy chairman of the people's power, last month visited the Lao southern Attapeu Province. During its 5-day official visit, an agreement on economic and cultural co-operation between the two provinces was signed. The delegation also visited some bases of production in the province. [Text] [Vientiane KPL in English 0912 GMT 12 Oct 81 BK]

CSSR CINEMATOGRAPHIC DELEGATION--Vientiane, 19 Oct (KPL)--Ounheuan Phounsavat, acting minister of propaganda, information, culture and tourism, on 17 October received here the Czechoslovak cinematographic delegation led by its general director, Jiripurs. Czechoslovak Ambassador to Laos Ladislav Kocsis was also present on this occasion. The meeting proceeded in an atmosphere of warm cordiality. The two personalities exchanged views on film cooperation between the two countries. In the night of the same day, the Propaganda, Information, Culture and Tourism Ministry in cooperation with the Czechoslovak Embassy held here a film week of Czechoslovakia. The Czechoslovak delegation arrived here on the afternoon of the same day. [Text] [Vientiane KPL in English 0903 GMT 19 Oct 81 BK]

CSSR DELEGATION'S GIFTS--Vientiane, 20 Oct (KPL)--The visiting delegation of the Czechoslovak film headed by its general director, Dr Jiripurs, on 19 October, presented here a projector and a number of films as gifts to the Cinematographic Department of the Propaganda Ministry. Ounheuan Phounsavat, acting-minister of propaganda, information, culture and tourism, and a number of officials of the said

ministry were present on the handover ceremony. Ladislav Kocsis, Czechoslovak ambassador to Laos, was also on hand. On this occasion, both sides have expressed their wholehearted appraisal for the mutual cooperation and assistance between the two countries. [Text] [Vientiane KPL in English 0909 GMT 20 Oct 81 BK]

GDR DELEGATION'S ACTIVITIES--Vientiane, 22 Oct (KPL)--Maisouk Saisonpheng, minister of industry and trade, on 21 October, received here the delegation of the GDR Ministry for Regional Industry and Food Industry led by its General Director Friedrich Frier. [names of ministry and official as received] GDR Ambassador Dieter Doering was also present on this occasion. The meeting proceeded in an atmosphere of warm cordiality. The Lao delegation of industry and trade ministry and the GDR delegation met here in the morning of the same day. Both sides exchanged views on trade cooperation with emphasis on coffee processing and plantation. They also reviewed the construction work of 13 workshops funded by the GDR government to Laos. [Text] [BK260553 Vientiane KPL in English 0924 GMT 22 Oct 81]

POLISH HEALTH EQUIPMENT AID--Vientiane, 23 Oct (KPL)--A handover ceremony of aid from the Polish people's republic to Lao was held here at the ministry of public health on 22 October. The aid was presented to Prof Vannalet Latsapho, deputy-ministry of public health, by the Polish ambassador to Laos, Marek Czurliej. On this occasion, the deputy-minister of public health, Vannalet Latsapho, has expressed deep thanks to the Polish Government for its assistance. He also wished for the further development of friendship, solidarity and cooperation between the two countries, Laos and Poland. The aid is included with five ambulance-cars which is worth 700,000 zloty (Polish currency) and other heart-checking equipment weighing 250 kilograms. [Text] [BK260553 Vientiane KPL in English 0905 GMT 23 Oct 81]

CSSR DELEGATION'S DEPARTURE--Vientiane, 22 Oct (KPL)--The Czechoslovak cinematographic delegation led by its general director, Dr Jiripurs, on 20 October left here after ending its 4-day friendship visit to Laos. The Czechoslovak delegation arrived here on 17 October. [Text] [BK260553 Vientiane KPL in English 0929 GMT 22 Oct 81]

ROAD, BRIDGES REPAIRS IN XIENG KHOUANG--Vientiane, 21 Oct (KPL)--The Routh No 4 linking Mok and Thaviang districts in Xieng Khouang Province, in the middle of this month, was completely repaired by the local effort. This route, which is 116 km long, was damaged by the rainy season; 10 bridges on this route were also repaired by the local people. [Text] [BK260553 Vientiane KPL in English 0906 GMT 21 Oct 81]

GDR WORKSHOP AID ACCORD--Vientiane, 27 Oct (KPL)--A memorandum on the construction of 12 repairing workshops assisted by the government of the German Democratic Republic to the Lao Government was signed here on 26 October. Signing the memorandum were: On the Lao side, Sangthong Phannouvong, head of the light industry and local handicraft department, and on the GDR side Friedrich Khier [name as received], general director of the regional administered industry and food industry ministry of the GDR. Present on the signing ceremony were Bounkeut Khamphaphongphan, deputy minister of industry and trade, and Dieter Doering, GDR ambassador to Laos. The construction of the 12 repairing workshops including the workshops for repairing shoes, bicycles and motorcycles which are worth 13 million marks will start at the beginning of next year in Vientiane, Khammouan, Savannakhet and Champassak Provinces. Friedrich Khier and his delegation left here in the afternoon of the same day after concluding his 7-day official visit to Laos. [Text] [BK280417 Vientiane KPL in English 0909 GMT 27 Oct 81]

SOVIET WORKSHOP AID ACCORD--Vientiane, 27 Oct (KPL)--An agreement of the survey of data for the establishment of electrical equipment repairing workshop was signed here on 26 October between the Lao electricity company and the Promnache Export Enterprise of the USSR. Signing the agreement were: on the Laos side, Khammon Phonkeo, general director of the Lao Electricity Company, and Vassiliy Sevalney, vice-economic counselor of the Soviet Embassy to Laos. The signing ceremony was witnessed by Mak Inthavong, general secretary of the industry and trade ministry's office, and other high-ranking officials. According to the agreement, the Soviet side will sponsor the Lao side to construct the repairing workshop for the high-power electrical equipment such as the generators and transformers. [Text] [BK280417 Vientiane KPL in English 0912 GMT 27 Oct 81]

ROADS REPAIR IN SARAVANE--Vientiane, 8 Nov (KPL)--The provincial public works service of Saravane, in cooperation with the local efforts, last October, completed repairing a 25 km road damaged by the recent flood. Another 20 km road was completed building in the same period in Kaleum District in the same province. [Text] [BK081213 Vientiane KPL in English 0908 GMT 8 Nov 81]

MESSAGE OF THANKS FROM ROMANIA--Vientiane, 22 Oct (KPL)--Nicolae Ceausescu, general secretary of the Romanian Communist Party CC and president of the Romanian Socialist Republic, Ilie Verdet, premier of the RSR, and Nicolae Giosan, chairman of the Grand National Assembly of the RSR, recently sent a joint message of thanks to Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party CC and premier of the LPDR and Souphanouvong, president of the LPDR and the People's Supreme Assembly, for their greetings message on the occasion of the 37th anniversary of the revolution's victory. On the same occasion, Phoun Sipaseut, vice premier and minister for foreign affairs, received a message from his Romanian counterpart, Stefan Andrei. [Text] [BK221052 Vientiane KPL in English 0922 GMT 22 Oct 81]

GDR LEADERS THANK LAO COUNTERPARTS--Vientiane, 30 Oct (KPL)--Erich Honecker, general secretary of the Socialist Unity Party of Germany CC and chairman of the state council, Willi Stoph, chairman of the people's chamber, recently sent a message of thanks to Lao leaders for the latter's greeting message on the occasion of the 32d anniversary of GDR. The message was addressed to Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party C, and premier of the Lao People's Democratic Republic, and Souphanouvong, president of the LPDR and the People's Supreme Assembly. [Text] [BK301100 Vientiane KPL in English 0919 GMT 30 Oct 81]

CSO: 4220/138

MALAYSIA'S CHINESE TRADERS LOOK FOR INVESTMENT ABROAD

Islamabad THE MUSLIM in English 2 Dec 81 p 4

[Text] MALAYSIA'S Chinese businessmen are looking for opportunities abroad. While some critics see this as an insurance policy against adverse political changes in the multi-racial country, the truth is that they have a surplus of resources that they cannot readily use within Malaysia.

Particularly noteworthy among the overseas ventures is the acquisition by Multi-Purpose Holdings, an investment company sponsored by the Malaysian Chinese Association, of a British-owned trading company in Singapore for just over \$47 million. The holding company's director says that the acquired company will be used as "a principal vehicle" to move into international operations on the pattern of Japan's Sogo Soshie, the giant trading houses.

Earlier, Multi-Purpose acquired a property company in Hongkong and obtained, as part of another takeover, control over an engineering company in Britain. The first is to be used for expansion into the Asia-Pacific region and the second for assaults into Europe.

Likewise, another rapidly expanding Chinese-dominated conglomerate, Malaysia United Industries, has just laid out \$150 million for purchasing a prime Hongkong property. It already has a stake in Australian real estate and has plans for developing it.

A third Chinese entrepreneur who runs Malaysia's only casino at its resort complex near Kuala Lumpur is actively negotiating for a casino licence in Australia. This formidable businessman controlling companies with assets well over \$434 million makes no secret of his ambition to establish an inter-

national chain of hotels along with the five he has at the Genting Highlands, resort as a nucleus.

The outward thrust is not because of any lack of outlets in the buoyant Malaysian economy. The Fourth Plan on which Malaysia has just embarked sets the corporate sector the task of raising the capital deployed by it two-and-a-half times to almost \$13 billion. It is recognised that this cannot be achieved by Malaysian companies themselves. As a result, the Government is relying on foreign equity and loans to contribute almost two-fifths of the additional capital.

Why then should the Chinese find it necessary to move abroad?

The answer lies partly in the official policy, adopted in 1971 after an orgy of communal rioting, to promote a more racially balanced economic structure. As part of this, the object is to ensure that *bumiputras* (sons of the soil) own at least 30 per cent of corporate assets by 1990.

The target is that other Malaysians — meaning essentially the Chinese — should hold another 40 per cent, and foreigners the remaining 30 per cent. The other part, as Prime Minister Datuk Seri Ja Mahathir Mohamad says, is the Chinese instinct for maximizing profits. He points to the outflow from Singapore, where Chinese dominance is not only economic but also political, to prove his point.

In 1971, the *bumiputras* share was 4 per cent which has now grown to 13 per cent mainly as a result of the rapid growth of public sector companies which are by definition, regarded as "trustees" for *bumiputras*. The other Malaysians whose share in corporate ownership was 34 per cent in 1971 are already at the target level of 40 per cent.

The Malaysian Government — a multi-racial coalition bringing together Chinese and Indian parties under the leadership of the United Malays National Organisation (UMNO) — is under attack for the slow progress of *bumiputras* in the corporate sector. One example of the pressure to which the UMNO leadership is exposed is the outcry raised by its youth wing when Multi-Purpose sought to buy over a controlling interest in the country's third largest bank from a Chinese businessman.

A public sector "trustee" company already held 30 per cent of the bank. The youth wing insisted, however, that the businessman selling his shares should give the right of first refusal to the existing shareholders, meaning the public sector company. Since any change in ownership of more than 5 per cent of a bank's share requires specific approval of the Ministry of Finance, the Multi-Purpose bid had to be modified.

The pragmatic Malaysian Government does not want to hold back the Chinese from investing into the economy. They have been told that they can go ahead on their own with expansions or new starts provided they agree to divest 30 per cent of the equity to *bumiputras* at a later stage.

This transfer of shares, they are assured, would take place at prices set by the Government taking into account their worth in the market place. But the price fixed is always rather special — about \$1.75 per share in a recent case when the value placed on it by the Kuala Lumpur Stock Exchange was \$7.80. A few weeks afterwards, a Singapore investor was willing to sell two of his hotel properties under a share exchange scheme valuing the share at \$6.50.

This background may explain

why equity capital by non-*bumiputras* for new investments in 1976-80 declined to \$341 million from \$453 million in the previous five years. This meant a drop of almost 25 per cent in contrast with a 22 per cent rise in total pledges. In other words, the Chinese interest slackened but *bumiputras* and foreigners more than made up for the loss.

Bumiputra banker Datuk Azman Hashim was not alarmed by the drop. With his expert finger on the business pulse, he judged that the Chinese took a pause because they had already made very large investments in 1971-75. Due to international recession, their projects were delayed and spilled into the 1976-80 period. This precluded large new commitments, he argued.

But Arab banker Husain Najadi who recently left Malaysia after five years claimed to see a flight of Chinese capital out of Malaysia. He said this was one reason for the weakening of the Malaysian ringgit against the Singapore and U.S. dollars.

But Mr. Husain's was a minority view. The Central Bank ack-

nowledges that funds have moved out but more because of the lure of higher interest rates than any disinclination to invest in Malaysia. In any event the flow of funds into the country is so strong that Malaysia is on balance a gainer.

The bank was right. A look at the record of Chinese companies investing abroad showed that this was a marginal activity because the bulk of their money was still going into expansion and fresh starts within the country.

In the Multi-Purpose case, for example, its largest commitments so far have been on buying out foreign interests in plantations and real estate. Casino operator Genting has likewise bought out the Malaysian estates held by three Hongkong-based rubber companies. This, they can legitimately claim, is very much in line with the national objective of reducing the foreign stake in the country.

Of course, it is. But the fact remains that even after they have done all this, there is money left over in the kitty to go multinational - with Hongkong at one end and Australia at the other as the prime target areas.

PRESIDENT HAQ COMMENTS ON NATION'S ROLE IN REGION

BK211221 Karachi Domestic Service in English 1700 GMT 20 Dec 81

[Excerpt] President Mohammad Ziaul Haq has reiterated that Pakistan wishes to live in peace with its neighbors. It does not interfere in the affairs of other countries and by the same token it will never accept interference in its own affairs. To live in honor and dignity is the desire and the right of all self-respecting states.

He has said this in an interview published in the first issue of the Islamabad trilingual international monthly, THE WORLD ISLAMIC TIMES, launched in Islamabad today. The president said Pakistan's efforts to improve relations with India would continue. Pakistan's offer, he added, for talks on the nonaggression pact still stands and steps in that direction would strengthen peace and reassure the people of both countries.

In reply to a question, he pointed out that there are many in India who appreciate our stand. We earnestly hope that the Indian Government will join us in the efforts to establish a tension free atmosphere.

Referring to Pakistan's unremitting efforts toward the political settlement of the Afghan crisis, the president emphasized that the clues to the solution of this problem lay in the implementation of the principles laid down in the resolutions of the Islamic conference as well as the UN General Assembly, which have also been endorsed by the nonaligned movement. The president said: We earnestly hope that the indirect talks will lead to a viable solution of the problem.

Pakistan on its part, he said, is prepared to implement any international guarantees linked to the complete withdrawal of foreign troops from Afghanistan, according to an established time table. It is for the Kabul authorities, he said, to make a positive response.

In reply to another question, President Mohammad Ziaul Haq said the Soviet leaders have stated on many occasions that they are prepared to withdraw their forces. Pakistan can only hope that this withdrawal would take place in accordance with the UN and the Islamic conference resolutions.

Replying to a question about the serious deterioration in the security environment of this region, the president said Soviet military intervention in Afghanistan had added a new dimension to Pakistan's security concerns. He said the Karmal administration having failed to stem the national uprising have restored to massive repression resulting in the exodus of millions of Afghans who are now refugees in Pakistan. Pakistani's territory and airspace, the president added, have been violated.

He said in view of the developments in the region, Pakistan needed to replace its obsolete defense equipment of the Korean war vintage by modern equipment as a plan to have a credible deterrent defense capacity.

The president said the recent agreement with the United States for the purchase of the modest quantity of the defense equipment was intended to meet a part of the minimum defense needs of the country and was not directed against any country.

Asked about Pak-American relations, the president said the agreement on a 5-year economic aid and military sales relationship would initiate a satisfactory basis for cooperation between the two countries.

CSO: 4220/151

MINISTER SAYS COUNTRY STABLE UNDER PRESENT GOVERNMENT

Karachi DAWN in English 6 Dec 81 p 10

[Text]

HYDERABAD, Dec 5: Mr Ghulam Dastgir Khan, Federal Labour and Manpower Minister, said here tonight that the present Government had given stability to Pakistan, and would continue its efforts to provide a sound footing for establishing Islamic system in the country.

Addressing a one-day labourers' convention organised by the National Labour Federation at the local Basant Hall, he called upon the workers to forge complete unity in their ranks and work hard for economic stability in the country, in accordance with the tenets of Islam.

About the various demands put forth by the trade union leaders, the Minister said the Government was well aware of the difficulties being faced by the labourers and would do its best to solve them.

He said the Government had no intention to curb healthy trade union activities in the public or private sector.

PRIVATE SECTOR

Addressing a big gathering on the occasion of foundation-stone laying ceremony of a labour colony at SITE area, Mr Dastgir said the Government was determined to continue to encourage the private sector to invest more in industrial ventures in the country.

He said the Government had already made it clear that there would be no nationalisation of any industrial concern.

He said that because of the rational economic policies pursued by the Government, the country's industrial as well as agricultural economies had attained remarkable boost.

NEW LABOUR POLICY

Dawn Hyderabad correspondent adds: Mr Dastgir said that new labour policy would envisage full protection to the rights of workers as well as the employers. He said new policy, already on the anvil, had been delayed because of unavoidable circumstances.

He lauded the workers for maintaining industrial peace during the past four years, and added that the Government was not oblivious to the workers' sincerity in building the national economy.

The Minister said the Government was providing them all sorts of amenities and facilities, within its means. The provision for residential facilities was one major step in this direction, he added. He said labour colonies were being constructed by the Federal Government, whereas the Provincial Government had been asked to undertake the construction of 4,000 residential quarters for the workers throughout Sindh.

REFORM IN JUSTICE MACHINERY DISCUSSED

Karachi DAWN in English 14 Dec 81 p 9

[Editorial: "Renovating the Machinery of Justice"]

[Text]

A SURPRISE visit to the courts of magistrates in Lahore by a judge of the Lahore High Court has provided further evidence about the state of administration of justice. He was informed that 20,000 cases were pending in the criminal courts. This should not surprise those who are familiar with the pace of disposal of cases in our courts. More significant, however, were the learned judge's observations about the conduct of magistrates and the members of the bar contributing to this delay. He thought that much delay was caused by indiscriminate adjournments. It was found, for instance, that a magistrate orally adjourned all the cases at about 10-30 a.m. on a full working day. In one court, only two of 500 Hudood cases were disposed of — both on the confession of the accused. The judge found it "deplorable" that this state of affairs, well known to people at large, which provides the impulse for a demand for change in our judicial system. Essentially, of course, the search is for speedier and relatively in expensive dispensation of justice.

This will necessarily require an independent and efficient judiciary. Is the existing system capable of attaining this goal? This, finally, is the question. While probing an answer, one must contend with all aspects of the problem. As it is, the Pakistan Bar Council has come out with its considered brief. It has stressed that no change is needed in the existing judicial system since it is neither un-Islamic nor retrogressive. A resolution passed by the Council points out that delays do not result from the judicial system as such but are caused by the inefficiency of the administrative machinery, non-appointment of the requisite number of judges and magistrates and prevalence of other conditions which are not conducive to the smooth administration of justice. There is considerable weight in this opinion. In Britain and in other countries, the system has functioned quite well. It is this system that is based on the axiom that justice delayed is

justice denied. But while we look at conditions which have not allowed this system to function smoothly, we must also bear in mind the responsibilities of the judges and the magistrates. They are naturally expected to conform to minimum acceptable norms of efficiency and productivity. Ways should be found to enforce accountability in the matter.

As for the prevalence of other conditions to which the Bar Council has referred, two could be mentioned. The first concerns the role of the police in the investigation and presentation of criminal cases. The process causes considerable harassment to the persons involved and also delays the proceedings. And it is not often that the police handling of a case is inept, tardy or even corrupt, thus leading to miscarriage of justice. The second relates to the legal profession, some of whose members are said to be more interested in the remunerative aspect of litigation than in the expeditious disposal of cases. One obvious factor leading to delays

is that a comparatively small number of judges and magistrates have to dispose of a large number of cases coming up daily as well as a backlog of cases already pending for a long time. The magistrates have an added time consuming responsibility in terms of their executive functions which comes in the way of their judicial responsibilities. The ultimate solution would be to completely separate the judiciary from the executive. This has again been demanded by the Bar Council. This has also been a constitutional obligation and an accepted national goal for a long time which, however, is not in sight yet. But if the idea is implemented it will not only relieve the pressure of work on the magistracy but will also

eliminate the possible influences and pressures emanating from the executive branch which the judiciary might be confronted with at times.

Notwithstanding the need for reform, a total rejection of the existing judicial system is highly ill-advised, and any hasty or misconceived ideas in this regard could even prove extremely harmful. The defects we have been concerned about are not inherent in the system. They are the by-products of the way in which we have worked the system. It would obviously be incorrect to assume that all the existing laws and legal procedures are inappropriate or inconsistent with Islamic injunctions and should, therefore, be done away with. The thrust in

favour of Islamisation has to be towards changing such laws and procedures which derogate from clear Islamic injunctions. In this respect, the Bar Council has also drawn attention to the proliferation of organisations which are trying to find out what laws need to be changed or what new laws introduced. This is hindering and not helping the process and it was time a coordinated endeavour was made with the full cooperation of leading lawyers, legal experts, jurists and those learned in 'fiqh' to examine the existing laws and legal procedure and to determine where and what changes are required. Such an exercise will no doubt take time since it is not something that can be undertaken in a hurry.

MORE STUDENTS HELD AFTER CAMPUS INCIDENT

Karachi DAWN in English 14 Dec 81 pp 1, 11

[Text]

Ten more students of the NED and Karachi University were arrested in connection with the firing incident during Campus elections bringing the total number of arrests to 23.

Thirteen students were arrested earlier, excluding two Professors already enlarged on bail.

Mr Ahmed Ali Jadoon, a student of First Year Honours of the Karachi University, was arrested late Saturday night in Soldier Bazar and an unlicensed 32-bore revolver with five cartridges was recovered from the boot of his car (AD-533).

Six other students identified as Malik Arshad Nawaz, Syed Shahid Latif, Abdul Sattar Niaz, Tauqeer Ahsan, Arif Mehmood and Iftikhar Mehmood were arrested from different parts of the city by the Central Division police on the basis of their abandoned vehicles at the Campus on Dec 3.

The police arrested three students from the Campus yesterday. They were identified as Allah Bachayo, Shah Wali and Iqbal Ali. They had organised a meeting at the Arts Auditorium despite refusal by the University authorities.

Meanwhile, police parties headed by senior officers have been sent to various cities to apprehend absconding students allegedly involved in the firing incident.

STUDENT RUSTICATED

APP adds: a student of the Karachi University Barkatullah, was yesterday rusticated for a three-year period, for engaging himself in activities which were stated to be "prejudicial to the maintenance of discipline and academic peace of the University".

A Press release issued here yesterday by Prof. S.M.A. Tirmizi, Vice-Chancellor of the Karachi University said: "In terms of powers conferred on me under M.L.O. 145 I hereby order as Vice-Chancellor of the University of Karachi that Mr Barkatullah is rusticated for a period of three years as he is engaged in activities which are prejudicial to the maintenance of discipline and academic peace of the University".

TEN GRANTED BAIL

PPI adds: Meanwhile, the Sub-Divisional Magistrate, Central, Mr Aamir Ansari has granted bail in the sum of Rs. 5,000 each to 10 students who were arrested by the police from Karachi University.

The accused are: Mushtaq Ahmed, Syed Saeed Haider Zaidi, Pervaz Hussain, Syed Muntazir Rizvi, Ghulam Hussain, Raees Ahmed, Najmul Hasan, Mumtaz Nadeem, Nisar Haider and Mohammad Mubeen.

Gulshan-Iqbal police had arrested these students on December 4 from the Varsity under Section 151 Cr. P.C.

DENATIONALIZATION OF GHEE INDUSTRY FAVORED

Karachi DAWN in English 6 Dec 81 p 7

[Editorial: "Ghee Units' Disinvestment"]

[Text]

THE decision to disinvest some of the 25 vegetable and cotton ginning factories, ghee units in the public sector should go a long way in stimulating production and in rehabilitating the private sector further in line with the Government's policy to encourage it to play its due role in the national economy. But eventually ghee industry should go back to the private sector. It is a medium-sized light industry in which private investors are interested. The real need is to stimulate competition by allowing the setting up of more units. Free market competition should be ensured under the vigilance of the Monopoly Control Authority, so that unrestrained competition takes place. The private sector should be in a position to meet the demand by increasing the present production of 451,000 tonnes (1979-80) by maximising capacity utilisation and setting up more factories.

CSO: 4220/131

SMALL TRACTOR UNIT FOR NWFP URGED

Karachi DAWN in English 11 Dec 81 p 8

[Text]

PESHAWAR, Dec. 10: The Pakistan Agricultural Machinery and Implements Manufacturers Association of NWFP has urged the Federal Government to allow the establishment of a small tractor manufacturing unit in the province.

In a Press conference here on Tuesday Mr. Ifikhar Ahmad and Mr. Fawadul Haq Chairman and Vice-Chairman respectively of the Association, welcomed Pakistan Government's decision in this respect.

They pointed out that out of the total of 58 million acres of cultivated land in Pakistan 10 per cent of farms consisted of less than 20 acres and, therefore, the overwhelming majority of cultivators in the country did not need heavy and large tractors, which they also could not afford to buy.

The decision to set up a small tractor plant was, therefore, the

need of the hour but this plant should be installed in NWFP and not in the Punjab, which was over industrialised already.

The association leaders also called for setting up of an engineering unit in the NWFP because basic engineering industry was the foundation of all industry and helped to establish all the other industries.

They pointed out that if the small horse power tractor unit is permitted in NWFP the foreign exchange component of the project would be obtained without burdening the exchange reserves of the government as it would be met by the American and German industrialists who will own 49 per cent shares of this project.

The small tractor plant, if permitted in NWFP, would manufacture 35 and 25 horse power tractors costing in retail at Rs. 35,000 and 26,000 respectively, the association leaders added.

CSO: 4220/131

AILING PUBLIC SECTOR SCRUTINIZED AGAIN

Islamabad THE MUSLIM in English 26 Nov 81 p 4

[Editorial: "Whither Public Sector?"]

[Text]

THE AILING public sector in Pakistan has been as much under constant official scrutiny as it has been under severe public criticism. So many committees have been set up to look into it, so many experts assigned to study it, and so many seminars or symposia organised to discuss it, but the situation is not improving tangibly. So the public is not being taken into confidence about the operations, shortcomings and success of the public sector. The annual reports of the earlier years have given way to silence, except for some facts or figures given by the Ministers or Secretaries to Government. So here is public ownership without public accountability. The directors of the minority shareholders inducted into the boards of public corporations complain that they carry too little weight and their voice has too little impact. Healthy though the system of having minority directors is, it cannot have wholesome results unless they are taken seriously instead of being told that the majority directors have taken decisions on instructions from the Ministry of Production in Islamabad. Of course, Pakistan's is not the only ailing public sector in the world. The public sector in advanced industrial states like Britain, Sweden and France have endless problems and receive large financial assistance from the government.

A developing country that has invested a great deal of its resources on the public sector, and nationalised the basic industries set up by the private sector, has to make the best use of the men, money and materials in that sector. If production in these enterprises is not increasing, or prices of their products rise rapidly, and if because of poor profits they pay little taxes and they have no funds to reinvest, and they are always in need of larger loans and assorted protective measures they become a total liability to the State instead of a social asset. Sixty public sector industrial units last year reported a profit of Rs. 600 million before taxation. After paying taxes the net profits would be around Rs. 300 million. That stands in sharp contrast to the net profits of Rs. 1,230 million from the Telephone Department alone last year. That had to be so as the index of production in public sector industries rose by only 33 points in eight years —

from 1973 to 1981 — or a poor annual average of four per cent. Soon after nationalisation the BIM units were proud of the large amounts they were paying as taxes but the Rs. 3,510 million paid as import and excise duties, sales tax and corporate tax by public sector enterprises last year were only a tenth of the overall tax collection in the country, and its corporate tax payments were only a very tiny fraction of the Rs. 4,220 million paid as corporate taxes last year. And now when it is being stated that the profits went up by 3-4 per cent in the last quarter of the year gives rise to as many questions as those it may try to solve. Quite often profits are the results of book adjustments and similar other accounting operations.

Six committees have examined the working of the public sector so far, from the Baqai Committee to the Beg Committee, and recently the Uqqaili Committee. But whether it is Mr. N.M. Uqqaili's suggestion to progressively resort to disinvesting of many of the companies, or Mr. H.U. Beg's idea to merge similar companies, if implemented in full or part, some very basic questions would arise: how can efficient and progressive managements be ensured in these units, how could discipline among the ranks of the 67,000 workers enforced, how can productivity be increased and the cost of production kept down? Such questions are easy to raise and hard to answer as long as the official dominance in these industries continues in the present manner and officials are replacing professional managers and technocrats. Undoubtedly the public sector has to play big role in high risk areas, where private the sector would not venture and in large ventures like the steel mills in which the private sector would not be initially interested.

CSO: 4220/131

BRIEFS

POLITICAL PRISONER RELEASED--Rawalpindi, Nov. 25--Malik Hakmeen Khan, former Minister for Jails, Punjab, was released here today on bail by the Summary Military Court. No. 52 on a guarantee of Rs. 10 lakhs. Mr. Hakmeen had already been granted bail on a guarantee of Rs. 10 lakhs in the Liaquat Bagh Firing Case by the Additional Sessions Judge, Sheikh Abdur Razzaq, but was not released as another case was being heard against him in the military court under MLR 31, 47, 8 and 14. It is alleged that in 1978, Malik Hakmeen had participated in a political gathering at the residence of a former MNA, Ali Asghar Shah. He had been asked by the Tribunal of Political Conduct to refrain from political activities. Now, after being granted bail, in this case as well, Malik Hakmeen was released. He had to submit two guarantees of Rs. 10 lakhs each. Malik Hakmeen was held about four years back. It would be recalled that most of the accused in the Liaquat Bagh Firing Case have been released on bail except a few including Prof. Nazir Ahman, who is still under detention. [Islamabad THE MUSLIM in English 26 Nov 81 p 8]

INQUIRY AGAINST OFFICIALS--Islamabad, Nov 25--Government of Pakistan is reported to have ordered an enquiry against such high officials of various ministries and departments who have deposited huge amounts of government funds in various banks and obtained loans for themselves for the construction of palatial bungalows, or for their private business run for them by their near relations. According to a members of an enquiry team, which is presently making investigations about these allegation many such cases have come to light in which high govt officials shifted govt funds from one bank to another on explicit understanding that the banks would extend the officers credit. [Quetta BALUCHISTAN TIMES in English 26 Nov 81 p 4]

COLLABORATION WITH TANZANIA--Mr. Wilfred Mwabulambo, Secretary, Presidential Standing Committee on Parastatal Organisation's (Public Enterprises), Tanzania, on Wednesday indicated that there was a lot of "green ground" to be explored for joint collaboration between Pakistan and Tanzania. Talking to newsmen at the airport before his departure for Da-res-Salam after a two-week stay in Pakistan, Mr. Mwabulambo pointed out that in fact all the developing countries had lot of potential in which joint collaboration can be held. Mr. Mwabulambo who also attended the Conference on the Performance of Public Enterprises, held at Islamabad last week, said that there was wide scope for such a collaboration between Pakistan and Tanzania right from public enterprises to sports activities. He hoped to prepare the way for holding negotiations between the two countries for more collaboration in various fields and exchange of experience. He said that on return he will submit a report to his Government identifying areas in which Tanzania and Pakistan can have further collaboration. [Karachi DAWN in English 11 Dec 81 p 7]

SUGAR PLANT SALE--Islamabad, Dec 13--A high-level Pakistan delegation will visit Indonesia later this month to sign an agreement for the sale of a sugar plant. Official sources said today that details of the agreement are presently being finalised with mutual consultations between the two countries. Sale of the plant is as a result of Pakistan's participation in the international tender floated by Indonesia for the import of a sugar plant. The plant will be manufactured in Heavy Mechanical Complex Taxila. It will be the second plant to be exported by Pakistan built at HMC. The first plant is being exported to Bangladesh. Agreement to that effect was signed in Dacca on Dec 7. [Text] [Karachi DAWN in English 14 Dec 81 p 14]

TRADE TEAM FOR BULGARIA--Islamabad, Dec 13--a four-member official trade delegation led by Joint Secretary, Trade, Ministry of Commerce left for Bulgaria today to hold negotiations with the Bulgarian authorities for conclusion of a fresh commodity exchange protocol between the two countries for 1982. The delegation comprises representatives of the ministries of Commerce, Finance, and the National Bank of Pakistan. [Karachi DAWN in English 14 Dec 81 p 12]

ARMS SEIZED--As many as 20 country-made sten-guns with live magazines were seized from a house in Ibrahim Hyderi by Pakistan Coast Guards on Saturday. Brig Zulfiqar Akbar Naqvi, Director-General of PCG, told newsmen at a Press conference yesterday that on Dec 12 at about 2 a.m. an information was received that a "sizeable quantity" of arms and ammunition had been brought to Karachi for "distribution amongst anti-state elements". A special party, led by Lt.-Col Khalid Mahmud, raided a house and seized 20 sten-guns hidden in gunny bags. Three persons, the identity of whom was not disclosed, were arrested. Investigations are in progress. Brig Zulfiqar announced a cash reward of Rs. 10,000 for the special party. Replying to a question, he said, the sten-guns did not bear any mark of manufacturer. "It is a surmise that they might have been brought into the city from "Darra". [Karachi DAWN in English 14 Dec 81 p 10]

NONAGGRESSION PACT MISUNDERSTOOD--Official sources in Islamabad have expressed surprise at the statements made by high Indian officials that the Pakistan proposal of a nonaggression pact had not been understood by them. These sources said there was nothing ambiguous or mischievous about the proposal by Pakistan for mutual consultation to evolve a basis for a nonaggression pact between the two countries. [Text] [BK171039 Karachi Domestic Service in English 1005 GMT 17 Dec 81]

INDIAN WRITERS' VISAS REFUSED--The Pakistan Government has refused visas to five Indian writers who have been invited by a Karachi based cultural organization. The writers were to attend a seminar at Karachi and also visit Islamabad and Lahore. The invitation was suddenly withdrawn about a week ago but the Indian Embassy in Pakistan had made alternative arrangements for them. The Pakistan ambassador in New Delhi told the Indian Council of Cultural Relations on Sunday that the visas could not be granted as arrangements to receive them in Pakistan had not yet been completed, as he put it. [Text] [BK220929 Delhi Domestic Service in English 0240 GMT 22 Dec 81]

ENVOY TO OMAN--Mustafa Gokal, shipping adviser to the Pakistani president, left Oman today after concluding a 4-day official visit to Oman, during which he conveyed to Omani Deputy Prime Minister Fahd Ibn Mahmud Al Bu Sa'id a written message from Pakistani President Mohammad Ziaul Haq to His Majesty Sultan Qabus. He also held talks with senior Omani officials pertaining to bolstering bilateral relations particularly in the field of shipping. He was seen off at the airport by sultan's adviser for protocol affairs Muhammad Ibn Hamad al-Hafi, Pakistani ambassador to Oman Anwar Said and sultan's protocol official Shamis Mabruk. [Text] [GF220838 Salalah Domestic Service in Arabic 0700 GMT 22 Dec 81]

AFGHAN ISSUE--President Mohammad Ziaul Haq has said that Pakistan is trying its best to find a solution to the Afghanistan problem. He said this when speaking to newsmen at the airport after his arrival in Lahore this evening. He will stay in Lahore tonight. When asked if the Afghanistan problem has faded into the background following developments in Poland and the Golan crisis, the president said there is no doubt that because of the serious situations in Poland and the Golan region the problem of Afghanistan has gone into the background to some extent, but it would not remain in the background for long. He said that along with other problems, the problem of Afghanistan will also be solved. [Text] [BK201628 Karachi Domestic Service in Urdu 1500 GMT 20 Dec 81]

NEW IRANIAN CHARGE--Mr Ganjidust, Iranian charge d'affaires in Pakistan, will be replaced by Mr 'Abbas Zamani, who is a law graduate from Tehran University. Mr Ganjidust will be transferred to the Iranian Foreign Affairs Ministry. [GF201326 Karachi JASARAT in Urdu 16 Dec 81 p 1 GF]

CSO: 4203/32

CHANGES IN PHILIPPINES OIL POLICY URGED

Manila SUNDAY EXPRESS in English 29 Nov 81 pp 1, 2

[Text] A review of Philippine policy on oil exploration was suggested yesterday by traders and investors from Texas to President Marcos.

Headed by Louie Welch, president of the Houston Chamber of Trade, the American investors said that the local oil exploration policy could stand improvement to make it more attractive to foreign investors.

The 25-man mission is here to explore investment opportunities, establish contracts with exporters and possible representatives for US manufacturers, and promote goodwill and understanding.

An oil executive in the group explained that the best policy is to adopt a "check-board system of oil exploration, digging as many wells as possible."

The more wells are dug, the better the chances for hitting oil, he said.

The group also suggested that Filipino representatives be sent to the United States to watch the American markets to know what products are in demand and the quality required.

The President said that the Philippines is keeping a catalog of items in demand in US department store chains and that this is periodically updated.

The President thanked the delegation for its recommendations and expressed hope that they will find the investment field attractive.

He assured them that the Philippines is a free-enterprise society and that foreign investments are welcome to participate in economic development.

The delegation is particularly interested in investments, trade, banking, establishment of factories, baby dresses, hand embroidery, rope, oil drilling equipment, buri goods, furniture, silk flower, baskets and mining

CSO: 4220/133

DYNAMIC GROWTH SEEN IN ECONOMY

Manila BULLETIN TODAY in English 3 Dec 81 pp 1, 13

[Text] The five-year economic plan (1983-87) submitted to President Marcos is expected to ride on the world economic recovery predicted to get underway next year.

Prime Minister Cesar Virata and the cabinet, in presenting the plan to Mr Marcos, said the country would achieve a dynamic and more equitable economic growth process in the next five years.

World economic recovery would bolster growth prospects for the Philippines and other developing countries, they said.

They said that projections show that as the industrial nations rebound from recession, protectionism would ease and trade with developing nations would expand.

This will help poor nations improve their ability to contract and repay external debts incurred for development purposes. It will also influence rich countries to increase financial commitments to the Third World.

Beginning 1983, the plan forecasts an average real economic growth of 6.5 per cent early, higher than the 6.2 and 5.8 per cent growth in the 1970's and 1978 to 1980, respectively.

This would result in per capita income of 13,000 at current prices by 1987.

The economic plan gives top priority to increasing people's participation in productive activities, stressing equitable distribution of the fruits of development to all sectors through deployment of resources in less developed areas with high potential growth rates.

The plan calls for generation of jobs, limiting unemployment to four per cent.

The Kilusang Kaouhayan at Kaunlaran, centerpiece in national development, will play the major role in promoting national efficiency, productivity, jobs and self-help.

Government economic planners noted that despite the generally poor economic situation here and around the world, the Philippines made notable gains in the economic, social and political sectors.

There was a reduction in dependence on imported oil plus sustained increases in farm production and self-sufficiency in rice, they said. Infrastructure development expanded, industrial growth was sustained and inflation was held to a tolerable level, they added.

EDITORIAL VIEWS RELATIONS WITH INDIA

BK211451 Colombo SUN in English 8 Dec 81 p 7

[Editorial: "Relations With India"]

[Text] A major rift in the relations between Lanka and its great neighbour India has been averted. The suspicions occasioned by the land lease of the Trincomalee tank farm to the Americans are no more.

Recently Minister Athulathmudali met both President Reddy and Premier Gandhi and explained to them the circumstances under which the tanks will be leased out and the conditions attached to the contract.

He also met several other decision-makers in Delhi as well as the Indian media and was reportedly successful in setting the record straight. The wild speculations over Lanka's purported U.S.-connection is now stilled and the status quo vis-a-vis Indo-Lanka relations restored.

The "now-on, now-off" visit of India's President Reddy has finally been officially scheduled for February. Mrs Gandhi herself is expected to come to Lanka on a goodwill visit. This will do much to further cement the friendly relations between our two countries.

Neither India nor Lanka can afford to be antagonistic or lukewarm with each other. The two nations are so intertwined culturally that such a situation is unthinkable. Certain mischievous elements did try to drive a wedge between New Delhi and Colombo in order to serve their own expansionist schemes in the Indian Ocean.

They have failed because the centuries old ties between us could not be severed by "tell-tales" and rumour mongers. Nor did the rousing of the ethnic line after the recent communal disturbances help these mischief makers. That is because, both Lanka's as well as India's leaders cannot be swayed by cries of "tiger, tiger."

The Indian press, sensitive as it is and fed with handouts from anti-American embassies, did make a hue and cry.

That is why it needed a senior politician from Lanka to douse these inflammatory protests. And the trade minister has been able to squash the rumours effectively.

Mrs Gandhi is presently seeking better relations with her South Asian neighbours. Her Foreign Minister Rao and several top officials of Delhi's foreign office are now visiting India's neighbours in an effort to resuscitate old friendship.

Most politicians in Lanka are parochial minded and have failed to appreciate the importance of foreign affairs. They must address themselves to strengthening relations with our neighbours and take an active interest in the affairs of South Asia and the littoral states of the Indian Ocean.

CSO: 4220/151

HIGH INTEREST RATES STIFLE SMALL BUSINESSES

Islamabad THE MUSLIM in English 26 Nov 81 p 5

[Article by Wirasak Salayakanond]

[Text] BANGKOK: Commercial banks and finance companies have tightened the screws on credit forcing several small Thai department stores and supermarkets to close shop. Many more are on the brink of financial collapse.

In early August, commercial banks and finance companies raised interest rates on investment loans from 18-19 per cent to 20-21 per cent. This created shock waves across a broad sector of the investment community, particularly small businessmen.

The credit squeeze has assumed greater sinister meaning to the small business community. It came right on the heels of the decision of commercial banks and finance companies to freeze credit facilities to their old clients, leaving many ongoing expansion projects of department store and supermarket owners hanging in the air.

Similarly, producers of consumer goods have been hard-hit by the high interest charges. With loan sources breathing down their necks, producers now require their small department store-creditors to pay up sooner than before.

The problem of high interest charges has thus created trouble all around, particularly for producers and buyers, but especially the small business entrepreneurs.

The only sector unruffled by the tight credit situation is the big department store chains because of their ample financial reserves. In fact, the closing down of small department stores and supermarkets has nudged the Thai department store and supermarket business

toward a monopoly of the big-time operators.

The tight credit situation came at a time when the general economic condition in the country was going downhill. The devaluation of the baht by 8.7 per cent against the American dollar has further reduced the already weak purchasing power of the Thai currency. Prices of commodities, especially imported items, rocketed skyhigh.

Thailand's department store and supermarket business has been a particularly volatile, dog-eat-dog sector. During the last three years, more than 40 new but small stores and supermarkets mushroomed in the capital.

Competition has been sharp and the small ones, battling the titans of the business, are facing total decimation.

The small department stores, particularly those in the suburbs, are no match for the large department stores in the capital.

One of the major victims of the stiff competition among department stores and supermarkets was the KYT Department Store on Paholyothin Road. The KYT was sold by its owners, and the place was transformed into a restaurant.

Besides KYT, several other small department stores and supermarkets in Thonburi and the suburban areas of Bangkok are on the verge of financial collapse. Several are holding "clearance sales" prior to formally closing shop.

Ironically for Thailand, the frenzied proliferation of department stores and supermarkets was one of the key causes of the demise of many stores, and the slowly emerging monopoly by the large supermarket chains.

"The collapse of some small department stores and supermarkets, and the problems being encountered by others have opened the floodgates to the large ones to monopolise the business", moaned a bankrupt small department store owner.

Department stores and supermarkets are relatively new in Thailand. The first department store was established 24 years ago when the Chirawat family opened the Central Department Store in the Wang Burapa area.

At the time, Central specialised in imported items.

Ten years later, the Chirawat family opened another department store on Silom Road, and this time the store sold a variety of products both imported and locally produced.

The expansion of the Chirawat family's department store business reached a new high in 1972 when it opened its largest store on Chidlom Road. Then late last year, another Central Department Store was established in the Thonburi side of the Thai capital.

Central's tough competition comes from the Thai Daimaru, which was established in 1967 by Japanese investors at Rajprasong Centre. Rajprasong Centre was the first modern shopping complex in Thailand.

The Japanese firm has managed to cut into the large department store business once dominated by Central.

In 1972, Thai Daimaru moved its location to Rajdamri Arcade, a large shopping complex housing about 100 small stores.

The expansion programme has been described laconically by the store owners as a success. Sources close to the management of the

store told this correspondent that Thai Daimaru's clientele has increased threefold since it moved to its present site.

Last year, Thai Daimaru opened its second store at Phrakong on Sukhvit Road.

The success of the two supermarket giants started a flurry of business activity in the department store and supermarket field. Soon several entrepreneurs, mostly smaller ones, joined the parade of starry-eyed investors hoping to get a share of the expanding trade.

The business is capital heavy, however. Big supermarkets and department stores require no less than 100 million baht (about \$4.8 million) as capital. Smaller department stores and supermarkets need between 10-50 million baht (about \$480,000-2.5 million) to get the business operational.

Today, more than 15 supermarkets of varying sizes dot Sukhvit Road alone. These stores cater mainly to higher income Thais as well as Bangkok's large foreign community.

The latest company to enter the supermarket field is Shell (company of Thailand, which has put up small-sized "supermarkets" in 40 of its gasoline stations.

Shell also plans to open 10 more "supermarkets" in and around Bangkok and 100 more in the provinces.

In a last ditch effort to survive the sales onslaught of the large supermarkets, the small and medium stores have beefed up their advertising programmes to attract more customers. They have also introduced special sales at cut-down prices, give-away gift items and extended business hours until 9 or 10 p.m.

But the big department stores seem safely entrenched. Indeed, expansion is a key policy of the large stores. Central, for instance, is constructing a large trading centre with an initial investment of over 2,500 million baht (about \$124 million) in a 7.6-hectare land along the superhighway leading to the Bangkok International Airport.

The complex will house a large department store, a first class hotel

and hundreds of offices and trading houses.

Another giant is entering the field before the year ends. Metro Department store is going up on a 14.5-hectare land of the ASEAN Shopping Centre at the Pratunam area.

The new store will have a total floor area of 35,000 square metres.

The ASEAN shopping complex, which will house the Metro Department Store, will also have two first class hotels and a cinema. The initial funding for the centre has been estimated at more than 500 million baht (about \$24.5 million).

The continuing rush to the supermarket and department store business would appear to belie the agonised complaints of the smaller operators of an increasingly drying up business.

In fact, it does, partly. Small entrepreneurs are being elbowed out of the field mainly because of lack of adequate financial resources. The large ones are gaining more customers as the small stores fold up on the wayside.

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